

## Message Text

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ORIGIN TRSE-00

INFO OCT-01 ARA-06 ISO-00 EB-07 L-03 COME-00 CIAE-00

INR-07 NSAE-00 /024 R

DRAFTED BY TREASURY:LHEAD

APPROVED BY ARA:WHLUERS

ARA:NC - MR. SONANDRES

EB/IFD/OIA - MR. BRODERICK

TREASURY/BDPO - MR. MARESCA

TREASURY/BDPO - MR. PELICAN

ARA:NC - MR. DEVINE

ARA:LA - MR. FISHLOW

L/ARA:MR. GANTZ

----- 045558

R 100157Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS:BGEN, VE, US

SUBJECT:REQUEST FOR INFORMATION ON CHARLES MARTIN  
VENEZOLANA

SUMMARY: DEPARTMENT REQUESTS INFORMATION WHICH CAN BE  
OBTAINED INFORMALLY ON THE GENERAL OPERATION AND STATUS OF  
CHARLES MARTIN VENEZOLANA AND ITS COMPETITORS IN ORDER  
TO FOLLOW UP ON A REQUEST BY THE ABOVE COMPANY FOR  
DIPLOMATIC ASSISTANCE IN REESTABLISHING CONTROL OF THEIR  
BUSINESS OPERATIONS.

1. CHARLES MARTIN VENEZOLANA IS ENGAGED IN THE INSPECTION  
OF THE QUANTITY AND QUALITY OF BULK MOVEMENTS OF PETROLEUM  
AND PETROLEUM PRODUCTS IN VENEZUELA. THE PARENT COMPANY,  
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CHARLES MARTIN, RECENTLY SENT A LETTER TO THE DEPARTMENT

OF THE TREASURY, IN WHICH THEY STATED THAT THEY HAD BEEN FORCED TO SELL DOWN TO A 20 PERCENT MINORITY OWNERSHIP POSITION, PRESUMABLY, UNDER DECISION 24 OF THE CARTAGENA AGREEMENT. AT THAT TIME THEY DID NOT FIGHT THE RULING AND SOLD DOWN IMMEDIATELY, ALTHOUGH THEY HAD 3 YEARS IN WHICH TO DO SO. THEY HAVE BEEN TOLD THAT THEIR COMPETITORS WERE ABLE TO PERSUADE THE GOV TO ALLOW 100 PERCENT OWNERSHIP BY THE FOREIGN PARENT COMPANY.

2. WHILE WE REALIZE QUESTION IS ESSENTIALLY ONE OF APPLICATION OF ANDEAN CODE IN VENEZUELA, WE WOULD LIKE TO BE ABLE TO DIRECT COMPANY TO THE PROPER AUTHORITIES IN THE GOV SO THAT IT CAN DISCUSS WITH THEM POSSIBILITY OF REESTABLISHING MAJORITY OWNERSHIP OF CHARLES MARTIN.

3. ALSO, IN ORDER TO RESPOND AS FULLY AS POSSIBLE TO THE REQUEST, WE WOULD APPRECIATE ANY INFORMATION EMBASSY CAN PROVIDE ON THE FOLLOWING:

(A) BACKGROUND OF CHARLES MARTIN VENEZOLANA AND THE SERVICES IT PROVIDES.

(B) THE STATUS OF ITS COMPETITORS (SUPERINTENDENT INC., E. W. SAYBOLT AND COMPANY, AND THE AVAPET) VIS A VIS DIVESTMENT REQUIREMENTS OF ANDEAN CODE, AND OTHER RELEVANT LEGISLATION.

(C) OTHER IMPACT IF ANY OF DECISION 24 ON THE OPERATIONS OF THE ABOVE COMPANIES.

(D) WHETHER CHARLES MARTIN COULD REESTABLISH MAJORITY OWNERSHIP OF ITS CURRENT OPERATION.

(E) WHETHER IF CHARLES MARTIN SELLS OUT ITS SUBSIDIARY OPERATION, IT COULD REESTABLISH A NEW COMPANY WITH MAJORITY CONTROL.

4. WE ASSUME ABOVE INFORMATION AVAILABLE FROM INFORMAL BUSINESS CONTACTS. EARLY REPLY WOULD BE APPRECIATED. KISSINGER

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